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June 8, 2006

Hand-Delivered
Ms. Blessing Chukwu
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: Palo Verde Utilities' Company, L.L.C./Santa Cruz Water Company, L.L.C.
Docket Nos. W 01445A-06-0199/SW-03575A-05-0926/Docket No. W-03576A-05-0926

Dear Ms. Chukwu:

Attached is the information that you requested in your June 1, 2006 letter to Palo Verde Utilities Company, L.L.C. and Santa Cruz Water Company, L.L.C. in the above-captioned dockets.

Sincerely,

Michael W. Patten

MWP:mi
Enclosures
cc: Dorothy Hains, Utilities Division

Original and 17 copies filed
this 8th day of June, 2006
With Docket Control.

Copies of the foregoing hand-delivered/mailed
this 8th day of June 2006, to:

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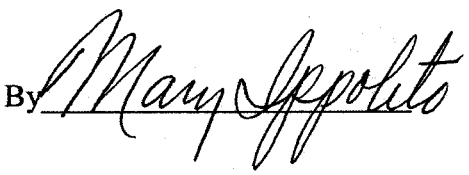
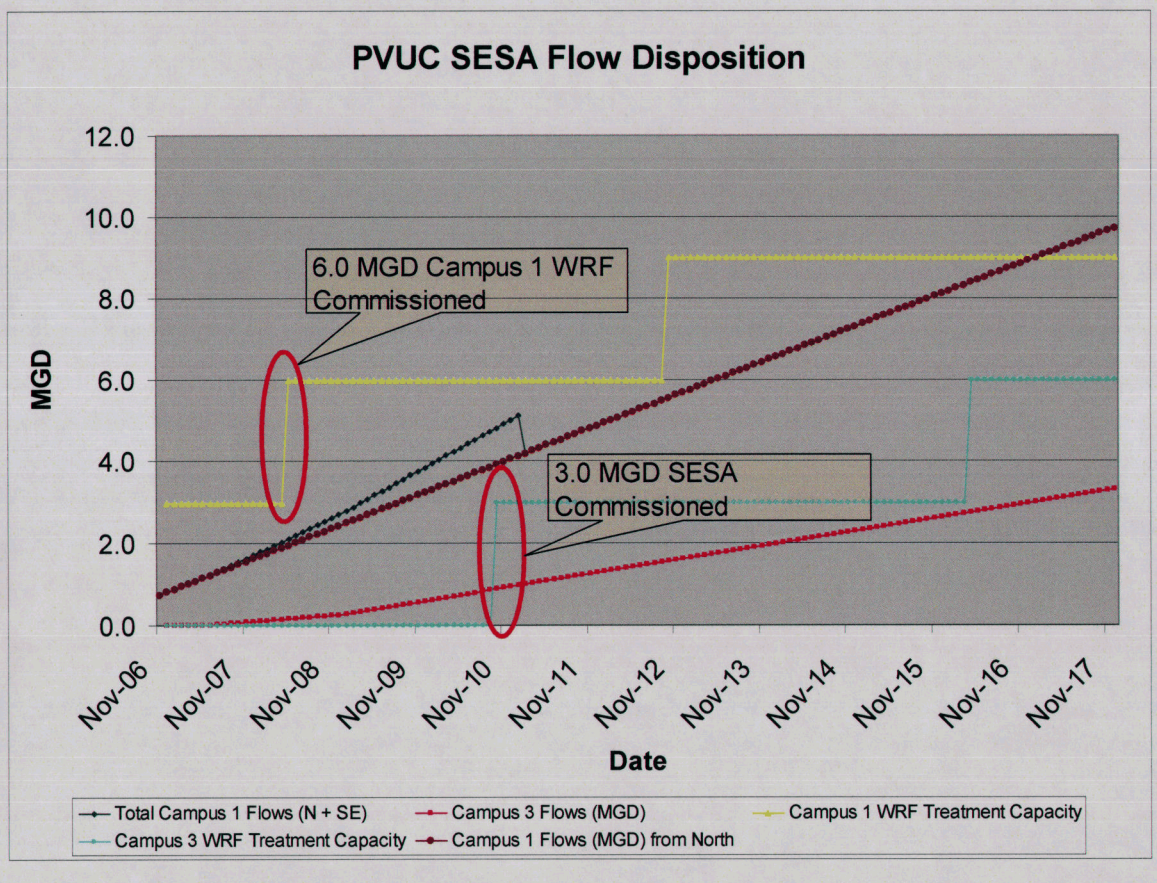
By 

RESPONSES TO JUNE 1, 2006
INSUFFICIENCY LETTER

1. RESPONSE

There appears to be some confusion with respect to the disposition of flows for the SESA. The following graph shows how the flows will be handled:



As shown, the initial phase for the SESA Campus 3 WRF is a 3 MGD phase constructed to meet the demand in the Fall of 2010. The existing PVUC facility (Campus 1 WRF) will be expanded to 6.0 MGD for commissioning in Summer 2008. This schedule is totally dependent on the absorption rates achieved by the developers and ability for the approval of the CC&N to be achieved in a timely fashion.

Note that these dates are different from those presented in the response to Insufficiency Letter #2. Those dates listed in that submission were based on an earlier projection of start dates for the development of November 2005. Realistically this has been adjusted to November 2006, which, as shown in the above graph, requires the 3.0 MGS SESA (Campus 3 WRF) to be operational in Fall 2010.

2. RESPONSE

Initially, the SESA water system will be configured with 2,500,000 gallons of storage. The site plan ultimately calls for the deployment of 5,000,000 gallons. The costs presented in the response to Insufficiency Letter #2 represent that which Global Water has received and entered into contracts for the Rancho Mirage Water Distribution Center in the Eastern Service area and the Terazzo Water Distribution Center in the Southwest Service Area.

Flow Requirements

1. Average Day Flow = 250 gallons per unit per day
2. Maximum Day Flow = 495 gallons per unit per day (250 x 1.8 + 10% for potential line losses)
3. Peak Hour Flow = 0.58 GPM per unit (1.7 x Max Day Flow)
4. Fire Flow = 2100 GPM for 4 hours

Based on a projected five year absorption of approximately 9,000 units, the following will be required:

Well Production:	≈3,000 GPM to satisfy maximum daily demand (Firm Capacity – that is, production capacity with largest well out of production.)
Reservoir Capacity:	≈1,036,000 Gallons (9,000 DU x 0.58 GPM/DU + 2100 GPM $_{\text{fire flow}}$ – 3000 GPM $_{\text{well firm capacity}}$) x 60 min/hr x 4 hours. However, at the 5 year mark, 2,500,000 gallons of storage will be provided.)